

STATEMENT BY THOMAS J. TRABUCCO, DIRECTOR OF EXTERNAL AFFAIRS,  
FEDERAL RETIREMENT THRIFT INVESTMENT BOARD, BEFORE THE HOUSE  
SUBCOMMITTEE ON THE FEDERAL WORKFORCE AND AGENCY ORGANIZATION  
APRIL 26, 2006

Good Afternoon Mr. Chairman and members of the Subcommittee. My name is Tom Trabucco and I am the Director of External Affairs for the Federal Retirement Thrift Investment Board. My position includes three main areas of responsibility -- legislative affairs, the press, and relations with the unions and associations representing Federal and Postal employees. I also serve as the Agency's spokesman when the Executive Director is not available.

I have served in this position for nearly twenty years as a career member of the Senior Executive Service. Before that I served for a total of thirteen years handling legislative matters for two organizations -- the National Association of Retired Federal Employees and the National Federation of Federal Employees -- and as a staff member to the predecessor of this committee.

Since coming to the Thrift Investment Board in 1987, it has been my great privilege to work with many outstanding individuals in the Agency, the employee organizations, the Executive branch and the Congress who were completely dedicated to the success of the Thrift Savings Plan. There has been a truly exceptional effort to assure those who place their retirement savings in the TSP that this plan would be managed solely in their interest by expert fiduciaries.

This does not mean there have not been different views openly expressed. In a 1989 hearing, the Chairman of the Board's House authorizing subcommittee strongly urged the Executive Director to support a policy that would disinvest in certain companies doing business in Northern Ireland or South Africa. The Executive Director at that time respectfully declined. The Mortgage Bankers Association and others sought legislation to establish a mortgage backed securities fund in the TSP. The Board opposed this, and it was not advanced in the Congress.

Certain Members of Congress have also promoted legislation to require a small and minority-owned business fund, a precious metals fund, a corporate responsibility fund, and other additional TSP investments or divestments over the Agency's twenty-

year history. The Board examined and opposed each of these proposals. Although the Congress could have enacted any of these proposals over the objections of the Board, the proponents ultimately decided to defer to the fiduciaries who are required to act solely in the interest of TSP participants and beneficiaries.

When Congress created the TSP, it recognized that the experts who serve as the Plan fiduciaries -- the Board Members and Executive Director -- would not necessarily be familiar with the Federal workforce. To ensure that the employees eligible to participate had top-level input into all investment and administrative matters considered by the Board, the House committee proposed the Employee Thrift Advisory Council. The Council was created and has functioned exactly as envisioned ever since.

Although the Executive Director and the ETAC have worked together over the years, they have sometimes disagreed. For example, at the Subcommittee hearing in 1989 the Council Chairman made clear that his and many other ETAC organizations supported restrictions on investments in South Africa and Northern Ireland. More recently, some Council members have sought IRA type features for the TSP as well as other changes that are not being actively pursued at this time. These matters remain under active discussion, however. It is my expectation that future Executive Directors and Councils will continue to see the wisdom of discussing and agreeably working through issues to reach consensus for the benefit of Plan participants.

Part of my job at the Board is to serve as the secretary to the Council. In this role, I am the primary point of contact between Council Members and the Executive Director. Council members are appointed by the Chairman of the Board from organizations prescribed by law. I manage the process by which nominations are solicited from the presidents of each of these unions and associations. I am also responsible for filing the annual reports regarding Council activities as required by the Federal Advisory Committee Act and performing other administrative support functions.

By law, the Executive Director meets at the request of the Council. I normally receive the first call that a meeting is being requested. I coordinate with the Committee Management Officer (the Agency's General Counsel) to develop the meeting notice and forward the agenda for publication in the Federal Register. As Executive Director Amelio stated, I responded to

Chairman Sauber's request regarding his resolution opposing REITs. He told me the points that he wanted in the resolution and asked that I run them by the General Counsel to ensure that they were put in the proper legal language and that he was properly following the statutory provision regarding Council resolutions. I did so.

The General Counsel advised me that the resolution I drafted based on Chairman Sauber's specifications was fine and that his actions were consistent with both the law and the ETAC charter. A copy of that charter is attached. She further advised that Mr. Sauber should be sure to circulate his resolution in advance of the meeting.

I forwarded the file that I had created to Mr. Sauber. I recall that Mr. Sauber made two rounds of revisions which he circulated to Council members and copied to me. I also asked him just before the meeting to send me his final version so we had a copy that could be promptly edited to reflect any amendments made at the meeting. The resolution was indeed again revised at the ETAC meeting. Board staff promptly produced a final version for ETAC members at the meeting and it was approved by the Council.

That concludes my prepared statement. I would be pleased to respond to any questions you may have regarding the Employee Thrift Advisory Council.

Attachment